

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of)

PUBLIC UTILITIES COMMISSION)

Instituting a Proceeding to Investigate)
Proposed Amendments to the)
Framework for Integrated Resource)
Planning.)

Docket No. 2009-0108

PUBLIC UTILITIES
COMMISSION

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HAWAII SOLAR ENERGY ASSOCIATION'S PRELIMINARY
STATEMENT OF POSITION RE PROPOSED CESP FRAMEWORK

ATTACHMENTS "A" AND "B"

CERTIFICATE OF SERVICE

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ASSOCIATION

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HAWAII SOLAR ENERGY ASSOCIATION'S
PRELIMINARY STATEMENT OF POSITION

Pursuant to this Commission's Order Approving the Stipulated Procedural Order, As Modified, filed on September 23, 2009 ("9/23/09 Order"), Hawaii Solar Energy Association ("HSEA"), by and through its counsel, Earthjustice, submits the following preliminary statement of position. HSEA notes that these statements are the first opportunity for the parties to outline their positions before the Commission. Further information arising through the course of this proceeding, as well as continued informal discussions among the parties, may facilitate the refinement and resolution of the issues. HSEA thus respectfully reserves the right to modify and supplement its preliminary positions based on further information and consultation.

I. BACKGROUND

More than 17 years ago, the Commission established the Framework for Integrated Resource Planning ("IRP Framework") in Docket No. 6617, Decision and Order No. 11523, filed on March 12, 1992, as amended by Decision and Order No.

11630, filed on May 22, 1992. As the Commission recently observed, "[t]he IRP Framework was the result of a collaborative process and has been the model for utility planning in Hawaii for over a decade." In re Hawaiian Electric Company, Inc., Docket No. 2007-0084, Order Closing Docket, filed on November 26, 2008, at 5.

On October 20, 2008, the Governor, Department of Business, Economic Development and Tourism, and Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("CA") of the State of Hawai'i (collectively, the "State"), and Hawaiian Electric Co., Inc., Hawaii Electric Light Co., Inc., and Maui Electric Co., Ltd. (collectively, "the HECO Companies") entered into an "Energy Agreement" seeking to move Hawai'i away from imported fossil fuels and to 70 percent clean energy use by 2030. Section 33 of the Energy Agreement called for the "replace[ment] of the [IRP] process with a new Clean Energy Scenario Planning (CESP) process."

On November 6, 2008, the HECO Companies requested the Commission to close their pending IRP dockets, Docket Nos. 2007-0084, 04-0046, and 04-0077, to allow the HECO Companies to develop the new CESP process. The Commission granted the request in separate orders filed on November 26 and December 8, 2008. Also, on February 18, 2009, the Commission issued an order in the IRP docket of Kauai Island Utility Cooperative ("KIUC"), Docket No. 2006-0165, denying KIUC's request to suspend the docket and instead closing the docket and directing KIUC to participate in the process of developing the CESP framework.

On April 28, 2009, the HECO Companies, KIUC, and the CA sent a letter to the Commission requesting the Commission to open a new investigatory docket on a proposed "Clean Energy Scenario Planning Framework ("CESP Proposal" or "HECO's proposal"). On May 14, 2009, the Commission issued its order initiating this docket. After the Commission granted various parties intervention, the parties submitted a proposed stipulated procedural order and held several informal discussions on HECO's proposal.

On September 23, 2009, the Commission issued its order approving a modified procedural order. The order emphasizes that "the starting point [for this docket] should . . . be the existing commission-approved IRP Framework." 9/23/09 Order at 5. Accordingly, the Commission framed the issues presented herein as follows:

1. What are the objectives of CESP and how do they differ from the objectives of IRP?
2. What is the basis for each of the proposed changes to the IRP process, and are these changes reasonable and in the public interest?
3. Whether the proposed changes to the IRP process should include changes to reflect differences between electric cooperatives and investor owned utilities?
4. What should be the role of the state's public benefits fee administrator?

Id. at 5-6.

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II. DISCUSSION

A. Differences Between IRP And CESP And The Need For Modifications To The IRP Framework.

To address the Commission's initial question ("What are the objectives of CESP and how do they differ from the objectives of IRP?"), one must first have a clear understanding of the objectives of IRP. *Id.* at 5. Generally speaking, IRP is a planning and decision-making process for the purpose of meeting energy demand while fulfilling various identified objectives. *See* C. Freedman & J. Lazar, Hawaii Energy Utility Regulation & Taxation: Practice, Policy & Incentives for Energy Efficiency, Renewable & Distributed Energy Resources: A Report for the Hawaii Energy Policy Project 85 (2003) 83-84 ("HEPP Report"). IRP differs from "traditional" energy planning, which focused on only expanding centralized supply capacity to meet demand. *Id.* Instead, IRP "integrates" additional considerations into a more comprehensive planning perspective. These include:

- Resources: IRP considers on an equal basis a full range of resources, including "demand-side" resources such as energy efficiency and load management, as well as distributed and non-utility generation.
- Costs and Benefits: IRP considers a full range of costs and benefits, beyond the perspective of just the utilities and ratepayers, such as societal, cultural, and environmental factors.
- Public participation: IRP incorporates a full range of perspectives through an open and transparent process that allows participation and input by the public, including non-utility stakeholders and experts.

Id.

The existing IRP Framework states: "The goal of [IRP] is the identification of the resources or the mix of resources for meeting near and long term consumer energy

needs in an efficient and reliable manner at the lowest reasonable cost," id. § II.A; and "The ultimate objective of a utility's integrated resource plan is meeting the energy needs of the utility's customers over the ensuing 20 years," id. § IV.B.1. The IRP Framework also allows both the utilities and the Commission to specify other objectives, giving an example of "the achievement of lowering to a specified level of the use of imported oil." Id. § IV.B.2.

Since the IRP Framework's adoption in 1992, Hawai'i has embarked on a major paradigm shift towards a clean energy economy. Whereas IRP sought to include due consideration of alternative resources and externalities in planning, the law now expressly mandates renewable energy and energy efficiency gains in the Renewable Portfolio Standards ("RPS") and Energy Efficiency Portfolio Standards ("EEPS") in Act 155, 2009 Haw. Sess. Laws 462, and greenhouse gas pollution reductions in Act 234, 2007 Haw. Sess. Laws 697 (codified in Haw. Rev. Stat. ch. 342B, pt. VI). The Energy Agreement similarly expresses a commitment to "move more decisively and irreversibly away from imported fossil fuel for electricity and transportation and towards indigenously produced renewable energy and an ethic of energy efficiency," and "from central-station, oil-based firm power to a much more renewable and distributed and intermittent powered system," identifying a "goal of 70 percent clean, renewable energy for electricity and transportation by 2030." Id. at 1, 18.

In addition to these substantive mandates and goals, the role of the utilities has been evolving. Some examples of such change are the establishment of an independent Public Benefits Fee Administrator ("PBFA") to assume the responsibility to implement

demand-side management programs, and the overall trend towards decentralization and deregulation of the energy industry as reflected in, and driven by, developments such as the rapid growth of distributed generation ("DG") across all of the state's utilities and the establishment of net energy metering and feed-in tariffs. This expansion of DG, especially as delivered by solar photovoltaics, is one of the most important changes since IRP's adoption. The movement of generation to the distribution level highlights the need to plan for generation at multiple levels, and for power flows in multiple directions, as opposed to the one-dimensional concept of distribution from a central station perspective.

The inquiry thus turns to whether and to what extent these changes require changes to the existing IRP Framework, which relates to the first question the Commission framed, what are the objectives of CESP and how do they differ from the objectives of IRP. The Energy Agreement states that the purpose of CESP is "[t]o improve analysis and guidance for Hawaii's clean energy future," *id.* at 36, § 32, and the April 23, 2009 letter to the Commission signed by the HECO Companies, KIUC, and the CA again cites this purpose. The CESP Proposal states the new goal of CESP is to "develop CESP scenarios that will provide high level guidance on a long term (10-20 years) direction, which will then be utilized to develop a CESP Action Plan for near term initiatives (5 years), balancing how the utility will meet clean energy objectives, customers' expected energy needs, and protecting system reliability at reasonable costs under various scenarios." *Id.* § II.A.

The HECO Companies, however, have not made clear why, to accomplish this goal, it is necessary to adopt their proposed changes to the IRP Framework, as opposed to, for example, simply improving the implementation of the existing framework. In describing their proposal, the HECO Companies appear to emphasize the need for increased timeliness and flexibility in the IRP process. As further discussed below, while HSEA does not disagree with this in principle, we question whether and how the HECO Companies' proposed changes actually further this end, without unduly undermining or eliminating necessary or salutary aspects of the IRP Framework. Thus, at this time, HSEA is not in a position to opine on the purpose of HECO's proposal, not only for the basic reason that it is not HSEA's proposal, but also because the HECO Companies' justifications for the proposed changes remain unclear.

Apart from HECO's proposal, however, HSEA independently submits that the ongoing transformation to a clean energy future in Hawai'i does call for certain modifications to the IRP Framework. In short, the IRP Framework should be updated and strengthened to advance Hawai'i's clean energy priorities, under which clean energy and energy efficiency objectives are no longer discretionary, but are mandatory requirements along with "meeting the energy needs of the utility's customers." IRP Framework § IV.B.1. Such amendments should not stop at nominal changes to the IRP Framework's language, but should include appropriate structural changes, discussed below, to ensure that: (1) planning for Hawai'i's clean energy future maximizes the prompt and effective achievement of clean energy objectives, including clean energy resources, energy efficiency, and distributed, non-utility owned generation; and (2) the

planning process maximizes public involvement to gather broad-based public awareness and support (without which the former goal cannot be achieved).

B. Key Provisions Of HECO's Proposal Are Unjustified And Alternate Modifications To The Current IRP Framework Are Needed To Better Serve The Public Interest.

In the discussion below, HSEA addresses the Commission's second question ("What is the basis for each of the proposed changes to the IRP process, and are these changes reasonable and in the public interest?") and explains why key provisions of HECO's proposal are unreasonable and contrary to the public interest. 9/23/09 Order at 6. In addition, we suggest alternate changes to the current IRP Framework that would substantially advance the public interest by helping Hawai'i move toward a clean energy future.

1. The Need For Clear And Purposeful Planning Objectives And Principles And Transparent Analysis.

HSEA is concerned that HECO's proposal deletes core features of the IRP Framework, without which the IRP, CESP, or any planning framework cannot serve its purpose. As an example, HECO's proposal systematically deletes all language and provisions in the IRP Framework relating to "objectives." This includes: (1) the initial requirement of setting objectives, see, e.g., IRP Framework §§ III.A.1, IV.B; (2) the subsequent steps of applying those objectives to analyze and optimize resource options, see, e.g., id. §§ IV.E, H, I; and (3) the final step of evaluating the results, see, e.g., id. § III.A.4. The proposal, indeed, goes as far as deleting the word "objective" from the definitions section, CESP Proposal pt. I. Instead, the proposal inserts general references

to a “clean energy future,” see, e.g., id. § I.D.3, and “clean energy objectives,” which it vaguely defines as “moving Hawaii towards achieving a sustainable, clean, flexible and economically vibrant energy future,” id. pt. I.

The IRP, CESP, or any planning process cannot provide meaningful guidance without establishing clear objectives and principles.¹ Otherwise, planning becomes merely an exercise in self-validation, rather than a discipline for achieving progress, and will lack the transparency necessary to build public awareness and support. Hawai‘i’s commitment to a clean energy future does not eliminate the need for objectives in the IRP Framework, as HECO’s proposal suggests, but rather compels the need for even clearer and stronger objectives. More than simply alluding to a “clean energy future,” the planning framework must define what that means in its objectives and principles and develop clear strategic direction to achieve it.

At the very outset, modifications to the IRP Framework should expressly incorporate legally mandated objectives such as the RPS and EEPS. These broad mandates, however, are only the initial foundation, and not the end, of proper planning. Thus, the planning framework should treat these objectives as minimum standards, and not limits – i.e., a floor, rather than a ceiling. Moreover, as part of the planning process, the planning framework should provide for the establishment of more specific and short-term objectives. These will enable the implementation of the broad mandates

¹ See HEPP Report at 85 (explaining that in the first step of IRP: “Objectives and measures of attainment are identified. These are the attributes that will be used to evaluate the merits of the candidate resource plans.”).

such as RPS and EEPS and provide benchmarks for monitoring and enforcing progress in meeting and exceeding these mandates.

In addition to general and specific objectives related to the RPS and EEPS, the IRP Framework can and should provide better direction for clean energy planning by clarifying and strengthening its governing principles. See CESP Proposal § II.B. Thus, HSEA supports proposals to include additional principles such as: prioritizing and facilitating increased distributed generation over centralized generation; and prioritizing energy resources so that future energy needs are, to the maximum extent possible, met first with energy efficiency and conservation programs, demand response, and renewable energy resources.

HECO's proposal also eliminates from the IRP Framework the provisions relating to the analysis and optimization of resources based on the specified objectives. Compare IRP Framework §§ IV.E, H, I, with CESP Proposal pt. IV. Notwithstanding the HECO Companies' suggestion that clean energy planning is fundamentally different from IRP, it remains unclear why CESP should abandon these basic planning functions. Presumably, clean energy planning also warrants analysis of costs and benefits and a determination of optimum and alternative mixes of resources.

Similar questions arise regarding HECO's proposal to delete references to "external benefits and costs" (meaning impacts to others "outside the utility and its ratepayers," including "environmental, cultural, and general economic" benefits and costs), and "societal costs" (meaning "total direct and indirect costs to society as a whole") and "societal cost benefit assessments." Compare IRP Framework pt. I, with

CESP Proposal pt. I. The consideration of externalities outside utility and ratepayer interests is an important part of IRP. Indeed, the impetus for clean energy development stems from the recognition of the need to consider broader societal benefits and costs. It seems inconsistent, then, that clean energy planning would omit analysis of externalities.

HECO's proposal also deletes the provisions relating to evaluation, in which "the results of the resource program options are measured in light of the utility's objectives." Compare IRP Framework § III.A.4, with CESP Proposal § III.A. Such evaluation is also a core planning function that helps to improve planning, provide public accountability, and encourage results. This should remain part of the planning framework.

In sum, in deleting the provisions relating to objectives, HECO's proposal removes the heart of the planning process. The planning framework should serve as a tool for setting goals and priorities, analyzing options, directing implementation, and achieving results. Instead, HECO's proposal would focus mostly on forecasting and provide little or no strategic direction for the utilities. Moreover, it would limit information about and analysis of the utilities' decisions, impairing public transparency and accountability. Our commitment to clean energy in Hawai'i does not require or support weakening the IRP Framework; in fact, it compels the opposite.

2. Enforceable Planning Provisions Are Necessary To Achieve Hawai'i's Clean Energy Goals.

HSEA disagrees with HECO's proposal to allow the utilities to seek waiver from "any or all of the provisions of the CESP Framework" if, for example, compliance is

“impossible, impractical, inappropriate or economically infeasible.” CESP Proposal § III.D.5, 6. These provisions are entirely new additions to the IRP Framework and give the utilities wide latitude to nullify its requirements. The justification for such provisions is unclear, since HECO’s proposal appears to impose only a modest burden on the utilities and in fact, removes many of the IRP Framework’s requirements. Moreover, lowering the threshold for the utilities to avoid their obligations under the planning framework, as the HECO Companies propose, would risk turning the planning process into a meaningless exercise.

HECO’s proposal that programs and projects need not be included in the CESP Action Plan to be consistent with the CESP, id. § III.D.7, raises similar concerns. Such a provision could also allow the utilities to nullify the planning process by pursuing projects that were never subjected to scrutiny as part of comprehensive planning. The current IRP Framework allows the utilities to revise or amend their plans or implementation schedules. Id. § III.D.4. If the CESP Action Plan or IRP implementation schedule does not contemplate a program or project, then the utility should seek amendment of the Action Plan or implementation schedule (concurrently if necessary) to justify the project.

Again, the IRP Framework should be strengthened, not weakened, to help achieve Hawai‘i’s clean energy goals. Thus, HSEA is open to proposals to include enforceable obligations and/or performance incentives in the IRP Framework.

3. Introducing Procedural Shortcuts Like Automatic Approval And Presumption of Need Is Unjustified.

HSEA strongly disagrees with the HECO Companies' proposal that the Commission must issue an order approving or denying a proposed CESP Action Plan within six months of its filing, or else the plan "is automatically deemed 'approved.'" CESP Proposal § II.D.2. This language does not appear in the IRP Framework, which currently provides:

The parties shall cooperate in expediting commission hearings on the utility's [IRP] and program implementation schedule. To the extent possible, the commission will hear the utility's application for approval of its [IRP] within six months of the plan's filing, and the commission will render its decision shortly thereafter.

Id. § II.D.3. Thus, the existing framework already recognizes the need for expeditious PUC review and approval "[t]o the extent possible." The proposed automatic approval requirement simply penalizes the Commission and the public by arbitrarily curtailing opportunities for meaningful review, input, and revisions.

Important government decisions like setting the course for Hawai'i's energy future should not be made by automatic approval, which, by its very nature, operates to preclude reasoned analysis, cut off public participation, and eliminate transparency. Requiring automatic approval would merely provide an incentive to the utilities to overload the Commission with voluminous filings, secure in the knowledge that, if the processing of these filings takes long enough, their plans – no matter how ill-advised and contrary to the public interest – will be given the green light. The proposed automatic approval provision should not be adopted. In the alternative, the framework should provide that, if a proposed CESP Action Plan or IRP implementation schedule

cannot garner the affirmative approval of a majority of the Commission within a reasonable timeframe, it should be automatically denied.

To facilitate the timeliness of the Commission approval process without sacrificing the necessary level of rigor, HSEA supports the view, shared by other parties, that the planning process should involve the Commission and public from an early stage, so that the review is not limited to the back-end of the process, after the utilities' proposals are already fully formed. We discuss ways of promoting early public input in greater detail in the following section.

HSEA also disagrees with the HECO Companies' proposal that, after the expedited approval (including automatic approval) of an Action Plan, such approval should give "the preferred resources identified in the CESP Action Plan," including individual programs and projects, "a presumption of need in any subsequent siting proceeding." CESP Proposal § II.D.2. Such "presumptive approval" for individual resources – which does not appear in the existing IRP Framework – is inconsistent with the professed focus of the proposed CESP framework on "high-level" planning. *Id.* §§ II.D.3; IV.J.1.

If an Action Plan approval were to result in presumptive approval of each individual program or project in the plan, then the planning process would require a commensurate level of individualized detail and rigor. This would necessarily include the intervention of all potential stakeholders with respect to each program or project. The HECO Companies' proposed CESP framework, however, lacks any individualized review and, thus, provides no basis for individual approvals. In any event, broadening

the scope of the CESP proceeding in this manner would make timely planning all but impossible. The proposed presumptive approval provision should not, therefore, be adopted.

4. Meaningful Public Participation and Input Is Vital.

Achieving a better future through clean energy, with the attendant reductions in the State's fossil fuel dependence and acceleration in acquisition of renewable energy, will likely require near-term sacrifices by Hawai'i's citizenry and a level of commitment far beyond that demanded by historical IRP, which has focused primarily on meeting "consumer energy needs ... at the lowest reasonable cost." IRP Framework § II.A; see also In re Public Utilities Commission, Docket No. 2008-0273, Decision and Order, filed on Sept. 25, 2009, at 14 (noting that feed-in tariffs to promote renewable energy may result in "an increase in rates in the short-run"). Through the planning process, the utilities and the Commission will effectively be charting the course for the State's clean energy policy, ultimately determining whether Hawai'i succeeds in weaning itself off its harmful dependence on fossil fuels. Given the substantial public interests at stake, it is vital to ensure meaningful opportunities in the planning process for public participation and input, which will both promote better decision-making and help build public awareness of and support for clean energy initiatives and, thus, facilitate their implementation.

HECO's proposal acknowledges that "[c]lean energy scenario planning shall be an open public process." CESP Proposal § II.B.6. Moreover, the Energy Agreement recognizes the need for "feedback" from the public "to assure that the [CESP] is

reflecting the public interest” and for a review process that enables the utilities not only to “communicate effectively” to the public, but also “receive effectively” information from the public “that can be integrated into subsequent planning work.” Id. § 33(n). These principles indicate a departure from the current practice, in which “the IRP process, including the public advisory group process, is controlled entirely by the utilities” and “[w]ithout active and diligent oversight by the PUC, the IRP process has become largely a utility exercise.” HEPP Report at 87.

The CESP Proposal, however, falls far short of actually fulfilling these principles, weakening the IRP Framework’s public participation provisions by changing their stated goal from “maximiz[ing]” to simply “encourag[ing]” public participation. Compare IRP Framework § III.E, with CESP Proposal § III.E. This proposed revision should be rejected. Instead, as discussed below, various provisions in the planning framework – including the parts on “Public Participation” (pt. III.E.) and “Planning Considerations” (pt. IV) -- should be further developed to increase public transparency, accountability, and responsiveness in the process, including early and regular opportunities for public and outside expert participation and input and Commission oversight.²

The advisory groups are a main component in the framework for public participation and should play a more meaningful role. As a threshold matter, the committees need to be made independent of the utilities. See IRP Framework § III.E.1

² Attached hereto as Attachment “A” are HSEA’s proposed provisions for advisory groups and public hearings, which would replace sections III.E.1 and III.E.2 of the IRP Framework. Attachment “B” shows red-line revisions to those IRP Framework sections.

(utilities organize and chair advisory groups). The Commission should organize the advisory groups and a facilitator independent of the utilities should chair each group.

Moreover, the utilities should not be able to ignore the advisory groups' recommendations at will. See id. § III.E.1.c ("the utility is not bound to follow the advice of any advisory group"); CESP Proposal § III.E.1.d (same). Rather, there should be a rebuttable presumption that the advisory groups' recommendations – which are based on the expertise of the groups' members – are justified, and the utilities should bear the burden of overcoming that presumption to justify scenarios or plans at odds with those recommendations.

The provisions for "Public hearings" (IRP § III.E.2; CESP § III.E.2) remain particularly undeveloped and vague. The utilities are merely "encouraged" to hold public meetings or forums at unspecified "phases" during the process and, unless a hearing is required by law, it is left to the utilities to decide whether to conduct public hearings on a proposed course of action. These provisions should be developed more conscientiously and include specific requirements for public meetings and other early and regular opportunities for public participation and input. As set forth in Attachment "A," at a minimum, prior to filing a request for approval of an integrated resource plan, each utility should be required to provide an opportunity for public review and comment on the proposed plan during a period of not less than sixty days and hold at least one public hearing on each island that would be affected by the proposed plan. Moreover, in the subsequent request for approval filed with the Commission, the utility

should be required to assess and respond to comments received during the public review and comment period.

HSEA also is concerned that HECO's proposal grants the utilities exclusive responsibility over a wide range of forecasts, analyses, assumptions, and other important groundwork for the planning process under the part entitled "Planning Considerations" (id. pt. IV). These provisions, many of which are substantially revised or newly added in HECO's proposal, lay the foundation for the planning process and may affect or determine its outcome. The public, including outside experts, and the Commission should be allowed to engage in these aspects of planning as well, to ensure the development of the best information through an open public process.

For example, a new provision in HECO's proposal tasks the utilities with forecasting the amount of any and all forms of "distributed generation" over the planning horizon. Id. § IV.D.1. Others who are actually engaged in DG, including HSEA, have direct experience and expertise to offer in this area. Yet, the public and outside experts, as well as the Commission, would have no apparent opportunity to provide input into the utilities' forecasts and would instead be relegated to reviewing the utilities' later proposed scenarios and plans based on already completed forecasts. Inadequate or incorrect information on DG in the planning process risks at least two undesirable results. First, the planning process may misjudge a substantial share of the overall generation mix. Second, transmission and distribution infrastructure, and system smart grid upgrades, may be chosen without adequate appreciation for DG's role in the generation mix.

Excluding non-utility stakeholders and experts from providing input into the basic forecasts and assumptions for planning does not serve the planning process, the public interest, or any of the parties involved. Rather than adopt HECO's proposal, the Commission should modify the existing IRP framework to allow non-utility stakeholders and experts early and effective input on this and other basic planning groundwork via the advisory group or public hearing processes, and to empower them to review the assumptions the utilities have used to generate their planning scenarios and use the utilities' model tools to run alternative scenarios based on alternate assumptions. See Attachment A.

5. The Proposed Locational Value Maps and Clean Energy Investment Zones Would Not Serve The Public Interest.

HSEA specifically questions the portion of HECO's proposal that tasks the utilities with preparing "Locational Value Maps" ("LVMs") and designating "Clean Energy Investment Zones" ("CEIZs") to identify areas that would benefit from distributed resources and energy efficiency. Id. pt. IV.F. This is an entirely new concept that does not appear in the existing IRP Framework.

First, as with the other "planning considerations" under part IV, the development of this information would benefit from the participation and input of the public, outside experts, and the Commission. To accomplish this, modifications to the current IRP framework, discussed above, are needed.

More fundamentally, however, the concept of such maps and zones raises numerous questions. For example, the proposal makes a point of organizing the maps

according to geographic area rather than distribution circuits, even though the feeder circuit is currently the unit of analysis at which the penetration of distributed generation is tracked and managed by the utilities. Organizing the maps according to geographic area would cause inefficiency, and may reduce the pace and scope of penetration of distributed generation, because, even in areas identified as desirable on LVMs, developers would be incapable of determining whether their projects can be integrated without costly and time-consuming interconnection studies. Moreover, the proposal limits the maps and zones only to areas of distribution system growth, even though interconnecting distributed generation sources elsewhere, such as areas of high existing demand, could also realize comparable or greater overall benefits and are no less important to achieving a clean energy future.

Indeed, the concept of LVMs and CEIZs appears to rest on a premise that distributed resources and energy efficiency should be “focused into” limited select areas, id. § IV.F.3, rather than promoted as widely as possible, wherever beneficial. HSEA disagrees with this premise, which impedes, rather than facilitates, an expeditious transition to a clean energy future. This concept should be abandoned. Alternatively, the concept should be fundamentally overhauled so that the planning process properly identifies and facilitates all beneficial opportunities for distributed resources and energy efficiency.

C. There Is No Apparent Justification For Treating Electric Cooperatives Differently From Investor-Owned Utilities.

As the Commission noted in its order closing KIUC's most recent IRP docket, "[t]he IRP Framework, which was approved by the commission, applies to all electric utilities in the State of Hawaii." In re KIUC, Docket No. 2006-0165, Order Denying Request to Suspend Proceeding and Closing Docket, filed on Feb. 18, 2009, at 5. The Commission further observed that, "[a]t this point, there does not appear to be any basis for having separate frameworks which would apply to different utilities." Id. HSEA concurs with the Commission's assessment, but is open to reviewing specific proposals and recommendations from KIUC.

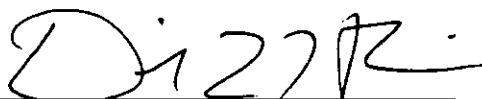
D. The Role Of The Public Benefits Fee Administrator.

As the entity responsible for energy efficiency programs, the PBFA administers an integral part of the overall picture of clean energy planning in Hawai'i. For the same reasons discussed above with respect to the utilities, the PBFA should also engage in a goal-driven planning process. Whether this process follows the IRP Framework or some other alternative is open to further discussion; however, to preserve the PBFA's intended role as an independent third party, its planning process should be autonomous from the utilities'. Given the interrelated nature of the PBFA's and utilities' activities, however, an effective exchange of information should occur between their two planning processes. Thus, as set forth in Attachment A, HSEA submits that the PBFA should provide all data reasonably necessary for advisory groups to participate in developing and evaluating forecasts of energy efficiency programs.

III. CONCLUSION

HSEA appreciates this opportunity to outline its preliminary positions on the IRP Framework and CESP Proposal. We look forward to further discussions on this important matter establishing the foundation for Hawai'i's necessary and mandated transition to a clean energy future.

DATED: Honolulu, Hawai'i, October 2, 2009.

A handwritten signature in black ink, appearing to read "Di 27 R", written over a horizontal line.

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E. Public Participation

To maximize public participation in each utility's integrated resource planning process, opportunities for such participation shall be provided through advisory groups to the utility, public hearings, and interventions in formal proceedings before the commission.

1. Advisory groups

- a. The commission shall organize a group or groups of representatives of public and private entities to provide independent review and input to each utility and the commission regarding the development of its integrated resource plan. A separate advisory group may be formed for different issues related to the planning process, as appropriate.
- b. The membership of each advisory group shall be independent of any utility and be able to provide significant perspective or useful expertise in the development of the utility's integrated resource plan. The commission shall establish the membership of each advisory group as follows:
 - i. Governmental members of each advisory group shall include the Consumer Advocate or the Consumer Advocate's designee, the director of the State of Hawai'i Department of Business, Economic Development & Tourism or the director's designee, and the mayor of the county in which the utility in question provides service (or conducts utility business) or the mayor's designee.
 - ii. Each advisory group shall consist of at least as many nongovernmental members as governmental members. Nongovernmental members shall include representatives of environmental, cultural, business, and community interest groups in each county in which the utility provides service or conducts utility business, and other individuals with relevant expertise.
 - iii. Each advisory group shall be representative of as broad a spectrum of interests as possible, subject to the limitation that the interests represented should not be so numerous as to make deliberations as a group unwieldy.
 - iv. An independent facilitator shall chair each advisory group.
- c. Each advisory group shall hold meetings during key phases of a utility's integrated resource planning process, with a minimum of quarterly meetings and more frequent meetings to the extent meaningful and practical.

- d. If a utility is considering the use of an energy resource located in another utility's service territory, either for direct use or to meet the State's RPS, then that utility shall confer with the advisory group representing the service territory of the energy resource under consideration.
- e. Each utility shall provide all data reasonably necessary for an advisory group to participate in that utility's integrated resource planning process, subject to the need to protect the confidentiality of customer-specific and proprietary information, provided that such customer-specific and proprietary information shall not be withheld where there are mechanisms to protect confidentiality.
- f. An advisory group participating in a utility's integrated resource planning process shall be permitted to inspect and evaluate that utility's modeling tools, including but not limited to reviewing the assumptions the utility has used to generate various scenarios. Upon request from an advisory committee, the utility shall use its model tools to run alternative scenarios based on alternate assumptions.
- g. The Public Benefits Fee Administrator shall provide all data reasonably necessary for an advisory group to participate in developing and evaluating forecasts of energy efficiency programs.
- h. The use by the advisory groups of the collaborative process is encouraged to arrive at a consensus regarding formal recommendations or findings on issues. When consensus is not possible, formal recommendations or findings of an advisory group shall be made by the vote of not less than the majority of the entire membership of that advisory group.
- i. In any commission proceedings regarding a utility's integrated resource plan, there shall be a rebuttable presumption in favor of any formal recommendation or finding of an advisory group, which the utility may overcome only by a showing of compelling evidence.
- j. All reasonable out-of-pocket costs incurred by the members of the advisory groups (other than governmental agencies) participating in a utility's integrated resource planning process shall be paid for by that utility, subject to recovery as part of that utility's cost of integrated resource planning.

2. Public hearings

- a. Each utility is encouraged to conduct public meetings or provide public forums at the various, discrete phases of the planning process for the purpose of securing public input.

- b. Prior to filing a request for approval of an integrated resource plan, each utility shall provide an opportunity for public review and comment on the proposed plan during a period of not less than sixty (60) days. During each such public comment period, the utility shall hold at least one public hearing on each island that would be affected by the proposed integrated resource plan at which the public will have the chance to ask questions, seek clarification, raise concerns and make comments and suggestions.
- c. Each utility preparing an integrated resource plan shall assess and consider comments received during the public review and comment period and shall respond by one or more of the means listed below, stating its response in the request for approval filed with the Commission:
 - i. Modify the plan;
 - ii. Develop and evaluate alternatives not previously given serious consideration by the utility;
 - iii. Supplement, improve, or modify its analysis;
 - iv. Make factual corrections; and/or
 - v. Explain why the comments do not warrant further response, citing the sources, authorities or reasons which support the utility's position and, if appropriate, indicate those circumstances that would trigger utility reappraisal or further response.
- d. Upon the filing of a request for approval of an integrated resource plan, the commission may, and it shall where required by statute, conduct public hearings for the purpose of securing additional public input on the utility's proposal. The commission may also conduct such informal public meetings as it deems advisable.

E. Public Participation

To maximize public participation in each utility's integrated resource planning process, opportunities for such participation shall be provided through advisory groups to the utility, public hearings, and interventions in formal proceedings before the commission.

1. Advisory groups

- a. ~~The utility commission shall organize in each county in which the utility provides service or conducts utility business~~ a group or groups of representatives of public and private entities to ~~advise the~~ provide independent review and input to each utility and the commission regarding the development of its integrated resource plan. A separate advisory group may be formed for ~~each stage of different issues related to the planning process, as appropriate.~~ The utility shall chair each advisory group.
- b. The membership of each advisory group shall be independent of any utility public and private entities includable in an advisory group are those that represent interests that are affected by the utility's integrated resource plan and that can be able to provide significant perspective or useful expertise in the development of the utility's integrated resource plan. ~~These entities~~ The commission shall establish the membership of each advisory group as follows:
 - i. Governmental members of each advisory group shall include ~~state~~ the Consumer Advocate or the Consumer Advocate's designee, the director of the State of Hawai'i Department of Business, Economic Development & Tourism or the director's designee, and the mayor of the county agencies and in which the utility in question provides service (or conducts utility business) or the mayor's designee.
 - ii. Each advisory group shall consist of at least as many nongovernmental members as governmental members. Nongovernmental members shall include representatives of environmental, cultural, business, and community interest groups in each county in which the utility provides service or conducts utility business. ~~An~~, and other individuals with relevant expertise.
 - ~~b.~~iii. Each advisory group ~~should~~ shall be representative of as broad a spectrum of interests as possible, subject to the limitation that the interests represented should not be so numerous as to make deliberations as a group unwieldy.

- ~~e.iv.~~ The utility shall consider the input of each advisory group; but the utility is not bound to follow the advice of any advisory group. An independent facilitator shall chair each advisory group.
- c. All~~Each~~ advisory group shall hold meetings during key phases of a utility's integrated resource planning process, with a minimum of quarterly meetings and more frequent meetings to the extent meaningful and practical.
- d. If a utility is considering the use of an energy resource located in another utility's service territory, either for direct use or to meet the State's RPS, then that utility shall confer with the advisory group representing the service territory of the energy resource under consideration.
- ~~d.e.~~ Each utility shall provide all data reasonably necessary for an advisory group to participate in the that utility's integrated resource planning process shall be provided by the utility, subject to the need to protect the confidentiality of customer-specific and proprietary information-, provided that such customer-specific and propriety information shall not be withheld where there are mechanisms to protect confidentiality.
- f. An advisory group participating in a utility's integrated resource planning process shall be permitted to inspect and evaluate that utility's modeling tools, including but not limited to reviewing the assumptions the utility has used to generate various scenarios. Upon request from an advisory committee, the utility shall use its model tools to run alternative scenarios based on alternate assumptions.
- g. The Public Benefits Fee Administrator shall provide all data reasonably necessary for an advisory group to participate in developing and evaluating forecasts of energy efficiency programs.
- ~~e.h.~~ The use by the advisory groups of the collaborative process is encouraged to arrive at a consensus regarding formal recommendations or findings on issues. When consensus is not possible, formal recommendations or findings of an advisory group shall be made by the vote of not less than the majority of the entire membership of that advisory group.
- i. In any commission proceedings regarding a utility's integrated resource plan, there shall be a rebuttable presumption in favor of any formal recommendation or finding of an advisory group, which the utility may overcome only by a showing of compelling evidence.
- ~~f.i.~~ All reasonable out-of-pocket costs incurred by participants in the members of the advisory groups (other than governmental agencies) participating in a utility's integrated resource planning process shall be paid for by

~~the~~that utility, subject to recovery as part of ~~the~~that utility's cost of integrated resource planning.

2. Public hearings

- a. ~~The~~Each utility is encouraged to conduct public ~~hearings-meetings~~ or provide public forums at the various, discrete phases of the planning process for the purpose of securing ~~the input of those members of the public who are not represented by entities constituting advisory groups~~input.
- b. ~~Upon the filing of requests for approval of an integrated resource plan or projects, the commission~~Prior to filing a request for approval of an integrated resource plan, each utility shall provide an opportunity for public review and comment on the proposed plan during a period of not less than sixty (60) days. During each such public comment period, the utility shall hold at least one public hearing on each island that would be affected by the proposed integrated resource plan at which the public will have the chance to ask questions, seek clarification, raise concerns and make comments and suggestions.
- c. Each utility preparing an integrated resource plan shall assess and consider comments received during the public review and comment period and shall respond by one or more of the means listed below, stating its response in the request for approval filed with the Commission:
 - i. Modify the plan;
 - ii. Develop and evaluate alternatives not previously given serious consideration by the utility;
 - iii. Supplement, improve, or modify its analysis;
 - iv. Make factual corrections; and/or
 - v. Explain why the comments do not warrant further response, citing the sources, authorities or reasons which support the utility's position and, if appropriate, indicate those circumstances that would trigger utility reappraisal or further response.
- ~~b.d.~~ Upon the filing of a request for approval of an integrated resource plan, the commission may, and it shall where required by statute, conduct public hearings for the purpose of securing additional public input on the utility's proposal. The commission may also conduct such informal public meetings as it deems advisable.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)	
)	
PUBLIC UTILITIES COMMISSION)	Docket No. 2009-0108
)	
Instituting a Proceeding to Investigate)	
Proposed Amendments to the)	
Framework for Integrated Resource)	
Planning)	
)	

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on this date, a copy of the foregoing documents were duly served by first-class postage prepaid mail and electronic mail to the following parties addressed as follows:

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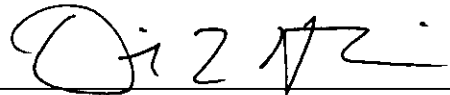
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